



COMMONWEALTH of VIRGINIA

Office of the Governor

Pierce R. Homer
Secretary of Transportation

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September 1, 2006

Ms. Joan M. DuBois, Chairman
State Route 28 Highway Transportation
Improvement District Commission
12000 Government Center Parkway
Fairfax, Virginia 22035

Re: Transportation Partnership Opportunity Fund
Route 28 Corridor Improvements – Part A-2

Dear Ms. Dubois:

I am pleased to announce the Governor's award of a \$5,000,000 grant and a loan, in an amount not to exceed \$20,000,000 from the Transportation Partnership Opportunity Fund (Fund or TPOF), to the State Route 28 Highway Transportation Improvement District Commission (Commission).

The Governor's action of August 22, 2006, supersedes, in its entirety, his action taken on May 19, 2006 with respect to TPOF funding for this project.

The grant and interest-free loan will be used to finance activities associated with additional interchange improvements along the Route 28 Corridor in Fairfax and Loudoun Counties.

The grant and loan will be separate financings between the Fund and the Commission.

The loan from the Fund will be on a subordinate basis to the existing and future debt issued by or for the Commission for the Route 28 Corridor Improvements.

Final determination of the amount of the loan will be made after the following has been provided to the Virginia Department of Transportation (VDOT):

- Assurance from the Commission that monies contained in the District's Project Completion Fund can legally be pledged to payment of the Loan.
- Resolution of the Commission pledging the special property tax revenues from the State Route 28 Highway Transportation District, along with other funds in the District's Project Completion Fund, or other funding made available to Route 28 Corridor Improvement to the payment of debt service on the Loan.

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- Resolution of the counties of Fairfax and Loudoun pledging their moral obligation support to the payment of debt service for the Loan.
- The Commission will provide the staff with i) certification of the Project's cost for the four (4) remaining interchanges, ii) a prioritization of the construction of the 4 interchanges and iii) a revised pro forma cash flow as established in Trust Agreement for the Series 2003 and Series 2004 Bond Issues and debt service payment for the Loan.
- Certification of Tax District's Assessment Growth as provided in Exhibit 4-1 of the TPOF application.
- Successful negotiation of an amendment to the Comprehensive Agreement and the District Contract for the Route 28 Corridor Improvements as needed to incorporate the Project into the project definition.
- Acknowledgement by the Commission that it shall comply in all respects with all applicable federal and state laws, regulations and other requirements and/or guidelines relating to or arising out of or in connection with the Project and the funding thereof through the Transportation Partnership Opportunity Fund.
- Successful negotiation of a loan financing agreement.

A Financing Commitment will be offered in the near future to establish the Commission's obligation to meet the conditions for loan closing and the Fund's obligation to provide the financing upon satisfaction of the conditions. Once the conditions have been met, the Virginia Department of Transportation will be in a position to enter into the Financing Agreement.

As you were previously advised, the primary point of contact with VDOT for negotiating the Agreement will be Ms. Deborah E. Brown, Director of VDOT's Innovative Finance and Revenue Operations Division. She may be reached at 804-786-0606 or Deborah.Brown@VDOT.Virginia.gov. We will be continuing negotiations with the staff that you earlier identified to complete the TPOF Financing Agreement and other documents necessary to move with the final interchanges.

I look forward to the successful completion of this important transportation project. Should you have any questions, please do not hesitate to contact me or Ms. Brown.

Sincerely,



Pierce R. Homer

PRH:es

Copy: Mr. Gregory A. Whirley
Mrs. Barbara W. Reese
Ms. Deborah E. Brown